The portfolio investment in these banks by the Foreign Institutional Investors (FIIs) is outside the FDI limit of 49%.

Revision of money changing rules by RBI

1677. SHRI C.M. IBRAHIM:
SHRI AIMADUDDIN AHMED KHAN (DURRU):

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has recently revised and relaxed money changing rules; and

(b) if so, the intent, purpose and other details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) RBI have revised the following money exchanging rules:

1. *Full Fledged Money Changers (FFMCs)*

(i) Since money changing is a fund based activity. with a view to ensuring that only credible players enter the field, Net Own Funds (NOF) for the FFMCs having multiple branches has been raised to Rs. 50 lakhs, a two year period will be allowed to the existing FFMCs for augmenting their NOF.

(ii) Earlier, Travellers Cheques (TCs) stocking arrangement with any TC issuing organization was a pre-condition for the issue of FFMC licence. This condition is withdrawn in order to improve the encashment facilities available in the country.

2. *Restricted Money Changers (RMCs)*

Earlier, RMC lincences were issued by Reserve Bank of India. Under the new Scheme announced by the Reserve Bank, Authorized Dealers and FFMCs have been accorded the freedom to enter into agency/franchising agreements for the purposes of carrying on RMC business, *i.e.* conversion of foreign currency notes or travellers cheques into rupees. Resident entities wishing to undertake restricted money changing would no longer be reqpired to obtain RBI licence.